



U.S. Department of Justice

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For Immediate Release:

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EVENT: Settlement

Parties: Ajax Paving Industries Inc. and Dan's Excavating Inc.

**TWO MICHIGAN CONSTRUCTION FIRMS AGREE TO PAY U.S. \$11.75 MILLION
FOR ALLEGED DISADVANTAGED BUSINESS ENTERPRISE FRAUD**

WASHINGTON – Two Michigan construction companies have agreed to pay the United States \$11.75 million to resolve claims that they knowingly violated Disadvantaged Business Enterprise (DBE) contracting requirements for federally funded construction projects at Detroit Wayne County Metropolitan Airport, the Justice Department announced today. The DBE program provides assistance to businesses owned by minorities, women, and other socially and economically disadvantaged individuals to enter the highway construction and design industries.

Ajax Paving Industries Inc. and Dan's Excavating Inc. agreed to pay the United States to settle False Claims Act and administrative claims involving alleged misrepresentations about the amount of DBE contracting work performed by a concrete-supply DBE, Borbolla Construction & Concrete Supply, Inc. Ajax and Dan's acted as prime contractors on three federally funded highway construction contracts at the Detroit Airport.

Under these contracts, Ajax and Dan's were required to comply with the Department of

Transportation's (DOT) DBE regulations and accurately report their DBE contracting to obtain and maintain the construction contracts. The companies claimed Borbolla Construction performed substantial work on the contracts when Borbolla Construction actually performed little more than minor administrative tasks.

"It is essential that government contractors adhere to contract requirements," said Peter D. Keisler, Assistant Attorney General for the Justice Department's Civil Division. "The federal government relies on the honesty of its contractors to provide accurate information relating to compliance with contractual terms."

In addition to the \$11.75 million payment to resolve civil claims, Dan's and Ajax have also entered into a separate administrative agreement with DOT to ensure future compliance with DBE requirements.

"When contractors create false records misrepresenting their disadvantaged business entity subcontracting in order to win a government contract, they flout the law and also undermine its purpose of giving a chance to those who deserve it," said Stephen Murphy, U.S. Attorney for the Eastern District of Michigan. "This settlement corrects the injustice created when contractors ignore their obligations."

The government's claims were based upon an investigation conducted by the Civil Division of the Justice Department, the U.S. Attorney's Office for the Eastern District of Michigan, DOT's Office of Inspector General, and the Federal Aviation Administration.

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